



**Committee on Transportation and Infrastructure  
U.S. House of Representatives  
Washington DC 20515**

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Chair

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Staff Director

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Ranking Member

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April 22, 2021

**SUMMARY OF SUBJECT MATTER**

**TO:** Members, Subcommittee on Economic Development, Public Buildings, and  
Emergency Management  
**FROM:** Staff, Subcommittee on Economic Development, Public Buildings, and Emergency  
Management  
**RE:** Subcommittee Hearing on “Investing in America: Reauthorization of the Economic  
Development Administration”

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The Subcommittee on Economic Development, Public Buildings, and Emergency Management will meet on Wednesday, April 28, 2021, at 2:00 p.m. EDT, in 2167 Rayburn House Office Building and virtually via Zoom to hold a hearing entitled, “Investing in America: Reauthorization of the Economic Development Administration.”

The purpose of the hearing is to receive testimony from stakeholders on the importance of reauthorizing the Economic Development Administration (EDA), its programs and activities supporting economic growth in distressed communities, and the role EDA plays in recovering from disasters, including the COVID-19 pandemic. The Subcommittee will hear from the EDA, the National Association of Development Organizations (NADO), the National Association of Counties (NACo), the International Economic Development Council (IEDC), the American Farm Bureau Federation, and the Milken Institute.

**I. INTRODUCTION**

The Subcommittee has jurisdiction over economic development issues and federal agencies that promote economic development in communities suffering economic distress, including EDA, an agency within the Department of Commerce. EDA is led by the Assistant Secretary of Commerce for Economic Development and is the lead federal agency dedicated exclusively to addressing economic development issues.<sup>1</sup>

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<sup>1</sup> See the Public Works and Economic Development Act of 1965 (P.L. 89-136).

Through its competitive grant process, EDA evaluates project applications to determine the extent to which they align with the investment priorities of the agency and effectively address the creation and/or retention of high-quality jobs. On April 14, 2021, EDA updated its investment priorities to include: Equity, Recovery & Resilience, Workforce Development, Manufacturing, Technology-Based Economic Development, Environmentally-Sustainable Development, and Exports and Foreign Direct Investment.<sup>2</sup>

For fiscal year (FY) 2021, the Trump administration proposed eliminating EDA's budget, with the exception of \$31.6 million for salaries and expenses.<sup>3</sup> Congress, in FY2021, appropriated \$305.5 million for EDA programs and \$40.5 million for salaries and expenses, not including supplemental funding for disasters.<sup>4</sup>

The Biden administration has not yet released a detailed FY2022 budget request outlining funding for EDA nor has a nominee for the Assistant Secretary position been announced. However, the president's FY2022 discretionary request, or "skinny budget," included \$84 million for EDA's Assistance to Coal Communities program.<sup>5</sup>

## II. OVERVIEW OF EDA'S PROGRAMS

Congress established the EDA in 1965 with the *Public Works and Economic Development Act* (PWEDA, P.L. 89-136) to alleviate conditions of substantial and persistent unemployment in economically distressed areas.<sup>6</sup> The current mission of EDA is "to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy."<sup>7</sup>

In particular, EDA programs are intended to help local communities attract and leverage private investment to maximize job creation. For example, EDA's public works program often provides the remaining infrastructure funding needed for a local community to attract a manufacturing facility to its area. As a result, EDA grants are used in conjunction with private and local dollars to generate economic growth and create jobs. In fact, EDA requires substantial local match—often 50 percent or greater—for most grant recipients.<sup>8</sup>

EDA provides grants for projects through a variety of programs, including planning, technical assistance, public works, economic adjustment, trade adjustment assistance, and multiple innovation challenges. Additionally, all public works and economic adjustment projects must be

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<sup>2</sup> EDA, *Investment Priorities*, available at <https://www.eda.gov/about/investment-priorities/>.

<sup>3</sup> EDA FY2021 Congressional Budget Request, February 2020, available at [https://www.commerce.gov/sites/default/files/2020-02/fy2021\\_eda\\_congressional\\_budget\\_justification.pdf](https://www.commerce.gov/sites/default/files/2020-02/fy2021_eda_congressional_budget_justification.pdf).

<sup>4</sup> Consolidated Appropriations Act, 2021 (P.L. 116-260).

<sup>5</sup> Executive Office of the President, Office of Management and Budget, *President's request for FY2022 discretionary funding*, April 9, 2021, available at <https://www.whitehouse.gov/wp-content/uploads/2021/04/FY2022-Discretionary-Request.pdf>.

<sup>6</sup> Generally, EDA considers areas distressed if their unemployment rate is 1% (or above) the U.S. unemployment or the per capita income is 80% (or below) the U.S. Per Capita Income.

<sup>7</sup> EDA, *Mission*, available at <https://www.eda.gov/about/>.

<sup>8</sup> Congressional Research Service (CRS), *Economic Development Administration: A Review of Elements of Its Statutory History*, June 3, 2011, available at <https://crsreports.congress.gov/product/pdf/R/R41241>.

consistent with an EDA-approved Comprehensive Economic Development Strategy (CEDS). Between FY2012 and FY2018, EDA invested nearly \$1.9 billion in 4,710 projects.<sup>9</sup> EDA estimates that these investments are expected to create and/or retain 362,106 jobs and attract more than \$42 billion in private investment funding.<sup>10</sup>

The EDA administers its programs through six regional offices located in Atlanta, GA; Austin, TX; Chicago, IL; Denver, CO; Philadelphia, PA; and Seattle, WA. The Atlantic Territories of Puerto Rico and the U.S. Virgin Islands are administered through the Philadelphia Regional Office. The Pacific Territories of American Samoa, Guam, Marshall Islands, Micronesia, Republic of Palau, and the Northern Mariana Islands are administered through the Seattle Regional Office. A map of EDA regional offices is included as Appendix 1. At the local level, EDA administers its programs through Economic Development Districts (EDDs). EDDs are multi-jurisdictional entities, commonly composed of multiple counties and in some cases crossing state borders. EDDs lead the locally-based economic development planning process that leverages the involvement of the public, private and non-profit sectors to establish a CEDS. EDA's most recent map of EDDs is included as Appendix 2.

### *1. EDA Authorization History*

Following the expiration of the PWEDA authorization in 1970, five acts extending and amending EDA's statutory authority were enacted between 1971 and 1976.<sup>11</sup> In 1980, Congress reauthorized EDA's programs for two additional years through FY1982, and until 1998, EDA continued to operate without congressional authorization.<sup>12</sup>

The *Economic Development Administration and Appalachian Regional Development Reform Act of 1998* (P.L. 105-393) reauthorized EDA for five years, and authorized funding levels that gradually declined from an initial amount of \$398 million in FY1999 to \$335 million in FY2003.<sup>13</sup> Additionally, this reauthorization put into place a number of management and administrative reforms, including efforts to target the most economically distressed areas in the United States. The *Economic Development Administration Reauthorization Act of 2004* (P.L. 108-373) reauthorized EDA for a period of five years, through FY2008. Since that time, Congress has not reauthorized EDA.

### *2. Key Grant Programs*

**Planning Assistance:** EDA assists EDDs and Tribal organizations, states, sub-state planning regions, cities, and other eligible recipients to assist in project planning. Comprehensive planning is an essential component in guiding local economic development and ensuring the effectiveness of development projects funded by EDA. Eligible activities include developing, maintaining, and implementing a CEDS and related short-term planning activities.

**Public Works:** EDA's Public Works program provides grants to distressed communities to upgrade and expand their physical infrastructure. Public Works investments help facilitate the transition of communities from being distressed to becoming competitive by developing key public

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<sup>9</sup> EDA, *EDA Performance Measurement and Program Evaluation*, available at <https://www.eda.gov/performance/>.

<sup>10</sup> EDA, *Underlying Data Disclaimer*, available at <https://www.eda.gov/performance/data-disclaimer/>. Note: Figures derived from "Estimated Outcomes by State" tab.

<sup>11</sup> CRS Report, *Economic Development Administration: A Review of Elements of Its Statutory History*, June 3, 2011, at pg. 9.

<sup>12</sup> *Id.* at pg. 14.

<sup>13</sup> *Id.*

infrastructure, such as technology-based facilities that utilize distance learning networks, smart rooms, and smart buildings; multi-tenant manufacturing and other facilities; business and industrial parks with fiber optic cable; and telecommunications and development facilities. In addition, EDA invests in traditional public works projects, including water and sewer systems improvements, industrial parks, business incubator facilities, expansion of port and harbor facilities, skill-training facilities, and redevelopment of brownfields.

**Economic Adjustment:** One of EDA’s most flexible programs, the Economic Adjustment Assistance (EAA) program provides various types of assistance—including planning, technical assistance, revolving loan funds (RLFs), and infrastructure development—to help communities experiencing either a gradual erosion or sudden dislocation of local industry caused by natural disasters, international trade competition, or major plant closings.

EDA oversees 510 RLFs nationwide, with a combined EDA investment of almost \$566 million.<sup>14</sup> The RLF portfolio has a combined capital base of about \$870 million (consisting of EDA investment plus grantee matching funds plus interest income).<sup>15</sup> The *Reinvigorating Lending for the Future Act of 2020* (RLF Act, P.L. 116-192) was enacted on October 20, 2020, and eliminated “in perpetuity” reporting requirements for EDA RLFs and releases the federal interest in EDA RLFs after seven years.

**Build to Scale:** The Build to Scale (B2S) program—formerly known as the Regional Innovation Strategies program—builds regional economies through scalable startups through competitions supporting entrepreneurship, acceleration of company growth, and increased access to risk capital across regional economies. The B2S program is administered by EDA’s Office of Innovation and Entrepreneurship, which is authorized under Section 27 of the *Stevenson-Wydler Technology Innovation Act of 1980*.<sup>16</sup> In FY2021, EDA is awarding \$38 million in B2S funding through its Venture and Capital challenges.

**Trade Adjustment:** EDA’s Trade Adjustment Assistance program assists import-impacted U.S. manufacturing, production, and service firms in developing and implementing projects to regain global competitiveness, expand markets, strengthen operations, and increase profitability, thereby increasing U.S. jobs. Technical assistance is provided through a nationwide network of 11 Trade Adjustment Assistance Centers to help U.S. manufacturing, production, and service firms in all 50 States, the District of Columbia, and Puerto Rico.

**University Centers:** EDA’s University Center program enables higher education institutions and consortiums to establish and operate University Centers focused on leveraging university assets to build regional economic ecosystems that support innovation, entrepreneurship, resiliency, and inclusiveness. In FY2021, EDA has made available \$7.4 million in federal funds for accredited institutions and consortia in EDA’s Chicago and Philadelphia regions.<sup>17</sup>

**Research and National Technical Assistance:** The Research and National Technical Assistance (RNTA) program funds research, evaluation, and national technical assistance projects that promote competitiveness and innovation in distressed communities throughout the U.S. and its

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<sup>14</sup> EDA FY2021 Congressional Budget Request, February 2020, pg. 83.

<sup>15</sup> *Id.*

<sup>16</sup> 15 U.S.C. § 3722.

<sup>17</sup> EDA, *Notice of Funding Opportunity: FY 2021 EDA University Center Economic Development Program Competition*, available at <https://www.eda.gov/files/programs/university-centers/FY21-EDA-UC-NOFO-FINAL.pdf>

territories. RNTA is currently subdivided into two programs: Research & Evaluation (R&E) and National Technical Assistance (NTA). Through the R&E program, EDA supports the development of tools, recommendations, and resources that shape and inform federal economic development policy. R&E program investments support regional, state, and local economic developers to enhance understanding and implementation of economic development concepts throughout the country. EDA's NTA program supports projects that provide national-scale technical assistance, disseminating best practices among communities trying to address economic downturn. The FY2021 Notice of Funding Opportunity (NOFO) makes \$1.5 million available for R&E projects and \$1.0 million available for NTA projects.<sup>18</sup>

### *3. Studies of EDA Programs*

In 2008, EDA contracted with accounting and advisory firm Grant Thornton to study the costs and economic impact of EDA's construction investments. The Grant Thornton study surveyed over 40 federal programs and concluded that EDA investments in rural areas have a significant impact on employment levels, generating between 2.2 and 5.0 jobs per \$10,000 in EDA funding, at a cost per job of between \$2,001 and \$4,611.<sup>19</sup> The study further concluded that EDA's investment in business incubators was worthwhile and generated significant impacts in communities where the investments were made.<sup>20</sup>

In 2017, nonprofit research firm SRI International studied the impact of non-infrastructure economic development grant programs on regional economic capacities, as well as the relationship between those capacities and long-term outcomes such as job creation and earnings growth.<sup>21</sup> SRI International found that non-infrastructure capacity building grants are critical to fostering an economic development collaboration system that leads to long-term desired economic development outcomes, and that such grants support building capacities that are associated with long-term growth in earnings, per capita income, and employment growth.<sup>22</sup>

## **III. EDA DISASTER RECOVERY AND THE COVID-19 PANDEMIC**

### *1. Natural Disaster Recovery*

Within the federal government's Natural Disaster Recovery Framework (NDRF), EDA serves as the coordinating agency for the Economic Recovery Support Function (ERSF) on behalf of the Department of Commerce.<sup>23</sup> As the ERSF lead, EDA provides leadership and coordination for primary and support agencies, which contribute to the administration of grants, loans, training and other forms of assistance to support economic recovery efforts in disaster-impacted communities and regions.

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<sup>18</sup> U.S. Department of Commerce, *Grants Notice: FY 2021 - 2023 Economic Development RNTA*, available at <https://www.grants.gov/web/grants/view-opportunity.html?oppId=332576>.

<sup>19</sup> Arena, P., Adams, J.A., Noyes, K., Rhody, S. & Noonan, M. (2008). Construction Grants Program Impact Assessment Report: Volume 1 Report on Investigation and Results. Grant Thornton research report with ASR Analytics. Pg. 55.

<sup>20</sup> *Id.*

<sup>21</sup> SRI International. *Innovative Metrics for Economic Development: Final Report*. November 17, 2017 Available at <https://www.eda.gov/files/performance/Innovative-Metrics-ED-Report.pdf>.

<sup>22</sup> *Id.*

<sup>23</sup> EDA, *EDA and Disaster Recovery*, available at <https://www.eda.gov/disaster-recovery/>.



In recent years, following disasters, Congress has appropriated supplemental funding to assist the long-term economic recovery of areas affected by major disasters. EDA may also provide assistance through its regular programs without prior congressional approval, typically through its economic adjustment assistance program. In FY2018 and FY2019, EDA received a combined total of \$1.2 billion in supplemental disaster appropriations from Congress to help regions recover from economic harm and distress resulting from natural disasters from 2017 to 2019.<sup>24</sup> These funds included \$600 million appropriated in the *Bipartisan Budget Act of 2018* (P.L. 115-123) for additional EAA activities. These resources are designated for disaster relief and recovery following Hurricanes Harvey, Irma, and Maria, as well as wildfires and other calendar year 2017 disasters. In August 2019, EDA published the FY2019 Disaster Supplemental NOFO, providing \$587 million for grant investments to regions impacted by Hurricanes Florence, Michael, and Lane; Typhoons Yutu and Mangkhut; wildfires; volcanic eruptions; earthquakes; and other natural disasters occurring in calendar year 2018, and tornadoes and floods occurring in calendar year 2019.<sup>25</sup>

## 2. COVID-19 Recovery

On March 13, 2020, former President Trump declared a nationwide emergency pursuant to Sec. 501(b) of the *Stafford Act* in response to the COVID-19 pandemic. The pandemic impacted employment and economic growth in the United States. During the spring of 2020, the U.S. workforce lost approximately 20 million jobs, with the unemployment rate peaking at almost 15 percent.<sup>26</sup> Although significant employment recovery occurred in the months that followed, job gains stalled—and in some areas deteriorated—by October 2020.<sup>27</sup> The current unemployment rate in the U.S. stands at six percent—almost double the pre-pandemic rate of 3.5 percent.<sup>28</sup> Certain industries, such as travel, tourism, and hospitality, have experienced significant financial and employment losses. For example, it is estimated that the travel sector in the United States lost 5.6 million jobs and \$1.1 trillion in economic output in 2020.<sup>29</sup>

In order to “prevent, prepare for, and respond to coronavirus and for necessary expenses for responding to economic injury as a result of coronavirus,” Congress appropriated \$1.5 billion for EDA’s EAA program in the *Coronavirus Aid, Relief, and Economic Security Act (CARES Act)*, P.L. 116-136). To date, EDA has awarded over \$1 billion of the funding provided in the *CARES Act* to support a wide range of projects in communities recovering from the economic effects of the pandemic.<sup>30</sup> More recently, Congress provided \$3 billion in EAA funding in the *American Rescue Plan Act of 2021* (P.L. 117-2), 25 percent of which was dedicated to addressing employment and gross domestic product losses in the travel, tourism, and outdoor recreation industries.

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<sup>24</sup> EDA, *Leading Economic Recovery Efforts in Disaster-Impacted Communities*, available at <https://www.eda.gov/files/programs/disaster-recovery/EDA-Disaster-Brochure.pdf>.

<sup>25</sup> *Id.*

<sup>26</sup> Hershbein, B. and Holzer, H. *The COVID-19 Pandemic's Evolving Impacts on the Labor Market: Who's Been Hurt and What We Should Do*. February 15, 2021, available at <https://ssrn.com/abstract=3788395>.

<sup>27</sup> *Id.* at pg. 22.

<sup>28</sup> U.S. Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey*, available at <https://data.bls.gov/timeseries/LNS14000000>.

<sup>29</sup> U.S. Travel Association, *Final Tally: Travel Lost \$1.1 Trillion in U.S. Economic Output in '20*, March 17, 2021, available at <https://www.ustravel.org/press/final-tally-travel-lost-11-trillion-us-economic-output-20>.

<sup>30</sup> EDA, *U.S. Economic Development Administration Marks Milestone \$1 Billion in CARES Act Grants Awarded*, available at <https://www.eda.gov/news/blogs/2021/03/22/eda-marks-cares-act-milestone.htm>.

**WITNESS LIST**

**Panel I**

**Mr. Dennis Alvord**

Acting Assistant Secretary for Economic Development  
U.S. Department of Commerce

**Panel II**

**Ms. Lisa Cooper**

Executive Director  
Northern Kentucky Area Development District  
*On Behalf of the National Association of Development Organizations*

**Mr. Garrett Hawkins**

President  
Missouri Farm Bureau  
*On Behalf of the American Farm Bureau Federation*

**Mr. Jonas Peterson**

President and CEO  
Las Vegas Global Economic Alliance  
*On Behalf of the International Economic Development Council*

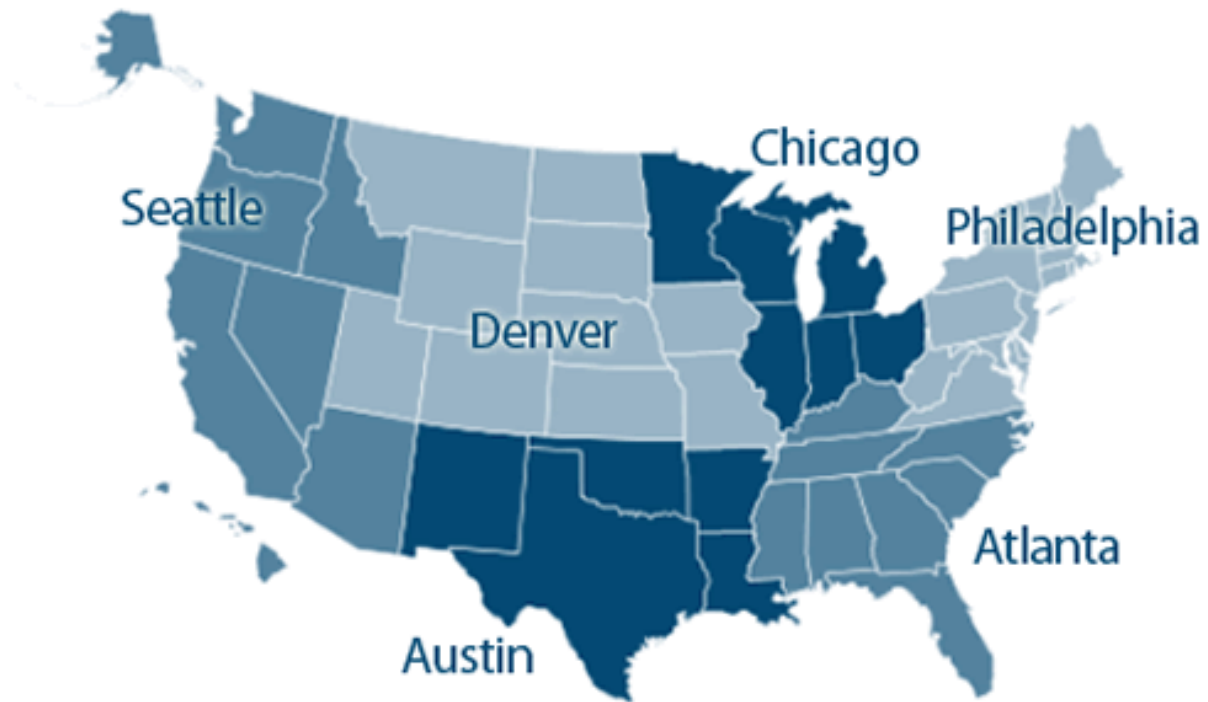
**The Honorable Lenny Eliason**

Commissioner  
Athens County, Ohio  
*On Behalf of the National Association of Counties*

**Mr. Dan Carol**

Director  
Milken Institute Center for Financial Markets

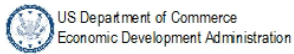
## Appendix 1: EDA Regional Offices



*Source: Economic Development Administration*



## Appendix 2: EDA Economic Development Districts



### ***Economic Development Districts (EDDs)*** March 2019

